

**Summary Information on Sony Assurance's Financial Results**  
**for the Year Ended March 31, 2019**

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Disclaimer:

This English translation is prepared for the readers' convenience. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

# 1. Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets:</b>		
<b>Cash and deposits</b>	<b>23,778</b>	<b>20,043</b>
Cash	0	0
Deposits	23,778	20,043
<b>Securities</b>	<b>145,349</b>	<b>157,959</b>
Japanese government bonds	82,422	76,390
Japanese local government bonds	34,954	50,504
Japanese corporate bonds	24,750	29,268
Japanese stocks	3,023	1,599
Foreign securities	197	198
<b>Tangible fixed assets</b>	<b>2,407</b>	<b>1,689</b>
Buildings	177	169
Construction in progress	—	63
Other tangible fixed assets	2,229	1,456
<b>Intangible fixed assets</b>	<b>6,196</b>	<b>10,012</b>
Software	5,008	6,646
Software in progress	1,178	3,356
Other intangible fixed assets	9	9
<b>Other assets</b>	<b>17,149</b>	<b>18,609</b>
Accrued premiums	1,238	1,234
Due from reinsurers	4	290
Due from foreign reinsurers	0	15
Accounts receivable	10,432	11,115
Accrued income	149	161
Money on deposits	493	530
Suspense payments	4,831	5,260
<b>Deferred tax assets</b>	<b>9,480</b>	<b>11,328</b>
<b>Total Assets</b>	<b>204,362</b>	<b>219,643</b>

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities:</b>		
Underwriting reserves	156,612	168,494
Reserve for outstanding losses and claims	39,535	40,674
Underwriting reserves	117,077	127,819
Other liabilities	11,553	13,018
Due to reinsurers	55	235
Due to foreign reinsurers	10	5
Income taxes payable	2,363	1,938
Deposits received	66	73
Accounts payable	3,761	5,099
Suspense receipt	5,295	5,666
Reserve for employees' retirement benefits	1,667	1,857
Reserve for employees' bonuses	1,132	1,236
Reserve under the special laws	206	238
Reserve for price fluctuations	206	238
<b>Total Liabilities</b>	<b>171,173</b>	<b>184,844</b>
<b>Net Assets:</b>		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus		
Capital reserve	3,389	3,389
Total capital surplus	3,389	3,389
Retained earnings		
Legal retained earnings	610	1,092
Other retained earnings	7,261	9,367
Unappropriated retained earnings	7,261	9,367
Total retained earnings	7,872	10,460
Total shareholders' equity	31,261	33,849
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	1,927	949
Total valuation and translation adjustments	1,927	949
<b>Total Net Assets</b>	<b>33,189</b>	<b>34,798</b>
<b>Total Liabilities and Net Assets</b>	<b>204,362</b>	<b>219,643</b>

## 2. Statements of Income

(Millions of yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
<b>Ordinary Revenues</b>	<b>110,092</b>	<b>115,102</b>
Underwriting income	108,316	113,174
Net premiums written	108,254	113,101
Interest and dividends on deposits of premiums	62	72
Investment income	1,731	1,857
Interest income and dividends	1,324	1,372
Gains on sale of securities	470	557
Transfer to interest and dividends on deposits of premiums	(62)	(72)
Other ordinary income	43	70
<b>Ordinary Expenses</b>	<b>103,517</b>	<b>108,204</b>
Underwriting expenses	74,419	78,435
Net losses paid	52,482	56,608
Loss adjustment expenses	8,067	8,220
Net commissions and brokerage fees	1,771	1,724
Provision for reserve for outstanding losses and claims	1,194	1,139
Provision for underwriting reserves	10,903	10,741
Investment expenses	—	0
Losses on sale of securities	—	0
Operating, general and administrative expenses	29,096	29,766
Other ordinary expenses	2	2
Other ordinary expenses	2	2
<b>Ordinary Profit</b>	<b>6,574</b>	<b>6,897</b>
Extraordinary Gains	—	—
Extraordinary Losses	35	39
Losses on sale or disposal of fixed assets	5	7
Provision for reserve under the special laws	29	31
Provision for reserve for price fluctuations	29	31
<b>Income Before Income Taxes</b>	<b>6,539</b>	<b>6,858</b>
Income Taxes –Current	3,497	3,325
Income Taxes –Deferred	(1,780)	(1,466)
Total Income Taxes	1,717	1,858
<b>Net Income</b>	<b>4,821</b>	<b>4,999</b>

### 3. Financial Summary (Comparison to previous year)

(Millions of yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019	YoY change (Amount)	YoY change (%)
<b>Gross direct premiums written</b>	<b>107,008</b>	<b>112,198</b>	<b>+5,189</b>	<b>+4.8</b>
Direct premiums written	107,008	112,198	+5,189	+4.8
<b>Underwriting income</b>	<b>108,316</b>	<b>113,174</b>	<b>+4,857</b>	<b>+4.5</b>
Net premiums written	108,254	113,101	+4,847	+4.5
<b>Underwriting expenses</b>	<b>74,419</b>	<b>78,435</b>	<b>+4,015</b>	<b>+5.4</b>
Net losses paid	52,482	56,608	+4,126	+7.9
Loss adjustment expenses	8,067	8,220	+153	+1.9
Net commissions and brokerage fees	1,771	1,724	(47)	(2.7)
<b>Investment income</b>	<b>1,731</b>	<b>1,857</b>	<b>+125</b>	<b>+7.3</b>
Interest income and dividends	1,324	1,372	+48	+3.7
Gains on sale of securities	470	557	+87	+18.6
<b>Investment expenses</b>	<b>—</b>	<b>0</b>	<b>+0</b>	<b>—</b>
Losses on sale of securities	—	0	+0	—
<b>Operating, general and administrative expenses</b>	<b>29,096</b>	<b>29,766</b>	<b>+670</b>	<b>+2.3</b>
Operating, general and administrative expenses related to underwriting	29,032	29,687	+655	+2.3
<b>Other ordinary income (losses), net</b>	<b>41</b>	<b>67</b>	<b>+26</b>	<b>+62.9</b>
<b>Ordinary profit</b>	<b>6,574</b>	<b>6,897</b>	<b>+323</b>	<b>+4.9</b>
Underwriting profit	4,863	5,050	+186	+3.8
Extraordinary Gains	—	—	—	—
Extraordinary Losses	35	39	+4	+12.0
<b>Extraordinary gains (losses), net</b>	<b>(35)</b>	<b>(39)</b>	<b>(4)</b>	<b>—</b>
<b>Income Before Income Taxes</b>	<b>6,539</b>	<b>6,858</b>	<b>+319</b>	<b>+4.9</b>
Income Taxes –Current	3,497	3,325	(172)	(4.9)
Income Taxes –Deferred	(1,780)	(1,466)	+313	—
<b>Total Income Taxes</b>	<b>1,717</b>	<b>1,858</b>	<b>+140</b>	<b>+8.2</b>
<b>Net Income</b>	<b>4,821</b>	<b>4,999</b>	<b>+178</b>	<b>+3.7</b>
Net loss ratio	55.9%	57.3%		
Net expense ratio	28.5%	27.8%		
Yield on investments (income basis)	0.85%	0.80%		
Yield on investments (realized basis)	1.15%	1.12%		

(Reference)

Yield on investments (fair value basis) : 1.77% for the year ended March 31, 2018 and 0.33% for the year ended March 31, 2019.

Notes:

- Underwriting profit = Underwriting income – (Underwriting expenses + Operating, general and administrative expenses related to underwriting) ± Other income (expenses). Other income (expenses) is the amount equivalent to the corporate income taxes for compulsory automobile liability insurance, etc.
- Calculation method for yield on investments is described in next page.

## Calculation methods for yield on investments

### 1. Yield on investments (income basis)

The results of investment in assets are indicated as income revenues (interest income and dividends).

Interest income and dividends on investment assets is the numerator, and acquisition cost is the denominator.

- Numerator: Interest income and dividends
- Denominator: Average balance of either acquisition cost or amortized cost

### 2. Yield on investments (realized basis)

The results of investment in assets are indicated as the contribution to net income (loss) for the period (statements of income).

Realized profit and loss is the numerator, and acquisition cost is the denominator.

- Numerator: Investment income + Interest and dividends on deposits of premiums – Investment expenses
- Denominator: Average balance of either acquisition cost or amortized cost

### 3. (Reference) Yield on investments (fair value basis)

An indicator of investment efficiency based on fair value. Realized profit and loss plus net unrealized gains is the numerator, and fair value of investment assets is the denominator.

- Numerator = (Investment income + Interest and dividends on deposits of premiums – Investment expenses)  
+ (Net unrealized gains (losses) at end of period\* – Net unrealized gains (losses) at end of previous period\*)
- Denominator = Average balance of either acquisition cost or amortized cost  
+ Net unrealized gains (losses) on available-for-sale securities at end of previous period\*

\*Amounts before tax deductions

## 4. Premiums and Losses Paid by Type of Policy

### Direct premiums written

(Millions of yen)

	For the year ended March 31, 2018			For the year ended March 31, 2019		
	Amount	Composition	YoY change	Amount	Composition	YoY change
		%	%		%	%
Fire	206	0.2	(15.9)	616	0.5	+198.8
Marine	—	—	—	—	—	—
Personal accident	8,679	8.1	(1.0)	8,823	7.9	+1.7
Voluntary automobile	98,123	91.7	+9.0	102,758	91.6	+4.7
Compulsory automobile liability	—	—	—	—	—	—
<b>Total</b>	<b>107,008</b>	<b>100.0</b>	<b>+8.1</b>	<b>112,198</b>	<b>100.0</b>	<b>+4.8</b>

### Net premiums written

(Millions of yen)

	For the year ended March 31, 2018			For the year ended March 31, 2019		
	Amount	Composition	YoY change	Amount	Composition	YoY change
		%	%		%	%
Fire	16	0.0	(34.4)	265	0.2	+1,533.0
Marine	0	0.0	—	(0)	(0.0)	(100.0)
Personal accident	8,887	8.2	(1.7)	8,872	7.8	(0.2)
Voluntary automobile	97,880	90.4	+9.1	102,458	90.6	+4.7
Compulsory automobile liability	1,469	1.4	+0.6	1,505	1.3	+2.4
<b>Total</b>	<b>108,254</b>	<b>100.0</b>	<b>+8.0</b>	<b>113,101</b>	<b>100.0</b>	<b>+4.5</b>

### Net losses paid, net loss ratio

(Millions of yen)

	For the year ended March 31, 2018			For the year ended March 31, 2019		
	Amount	YoY change	Net loss ratio	Amount	YoY change	Net loss ratio
		%	%		%	%
Fire	6	(1.4)	247.1	15	+126.8	21.0
Marine	2	—	308.8	10	+291.0	—
Personal accident	2,692	+2.9	33.7	3,009	+11.7	37.6
Voluntary automobile	48,464	+4.8	57.4	52,223	+7.8	58.6
Compulsory automobile liability	1,316	+1.1	89.6	1,350	+2.6	89.7
<b>Total</b>	<b>52,482</b>	<b>+4.6</b>	<b>55.9</b>	<b>56,608</b>	<b>+7.9</b>	<b>57.3</b>

## 5. Risk-monitored Loans

Not applicable

## 6. Securities

### (1) Trading-purpose Securities

Not applicable

### (2) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2018			As of March 31, 2019		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
<b>Fair value exceeding balance sheet amount</b>						
Japanese bonds	74,383	91,556	17,172	79,921	101,571	21,650
Foreign securities	197	211	13	198	208	10
Subtotal	74,581	91,767	17,185	80,119	101,779	21,660
<b>Fair value not exceeding balance sheet amount</b>						
Japanese bonds	4,496	4,173	(323)	—	—	—
<b>Total</b>	<b>79,078</b>	<b>95,940</b>	<b>16,862</b>	<b>80,119</b>	<b>101,779</b>	<b>21,660</b>

### (3) Available-for-sale Securities

(Millions of yen)

	As of March 31, 2018			As of March 31, 2019		
	Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
<b>Balance sheet amount exceeding acquisition cost</b>						
Japanese bonds	40,245	40,151	93	49,970	49,899	70
Japanese stocks	3,023	412	2,610	1,599	324	1,274
Subtotal	43,268	40,564	2,704	51,569	50,223	1,345
<b>Balance sheet amount not exceeding acquisition cost</b>						
Japanese bonds	23,002	23,029	(27)	26,271	26,298	(27)
<b>Total</b>	<b>66,270</b>	<b>63,593</b>	<b>2,677</b>	<b>77,840</b>	<b>76,521</b>	<b>1,318</b>

### (4) Available-for-sale Securities Sold during the Fiscal Year

(Millions of yen)

	For the year ended March 31, 2018			For the year ended March 31, 2019		
	Amount of sales	Total gains on sales	Total losses on sales	Amount of sales	Total gains on sales	Total losses on sales
Japanese bonds	4,622	14	—	3,108	9	0
Japanese stocks	573	455	—	637	547	—
<b>Total</b>	<b>5,195</b>	<b>470</b>	<b>—</b>	<b>3,746</b>	<b>557</b>	<b>0</b>



## 7. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>(A) Total non-consolidated solvency margin</b>	<b>54,244</b>	<b>60,010</b>
Capital or treasury, etc.	28,849	31,349
Reserve for price fluctuations	206	238
Contingency reserve	109	122
Catastrophe reserve	20,970	24,636
General reserve for possible loan losses	—	—
Net unrealized gains on available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)	2,409	1,186
Net unrealized gains on real estate	—	—
Excess refund reserve	—	—
Subordinated debt	—	—
The portion of the excess refund reserve and subordinated debt that is not included in the margin	—	—
Deductible items	—	—
Others	1,698	2,476
<b>(B) Total non-consolidated risk</b>	$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	<b>14,760</b>
Ordinary insurance risk (R <sub>1</sub> )	12,395	13,181
Third-sector insurance risk (R <sub>2</sub> )	—	0
Assumed interest rate risk (R <sub>3</sub> )	114	123
Asset management risk (R <sub>4</sub> )	1,712	1,861
Business management risk (R <sub>5</sub> )	305	325
Major catastrophe risk (R <sub>6</sub> )	1,036	1,105
<b>(C) Non-consolidated solvency margin ratio</b>	<b>782.1 %</b>	<b>813.0 %</b>
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note: The above figures are calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act of Japan and the Ministry of Finance Public Notice No. 50 of 1996.

<Non-consolidated Solvency Margin Ratio>

Non-life insurance companies maintain reserves to ensure their ability to pay claims when accidents occur and return contracted amount at maturity on savings-type insurance. Non-life insurance companies must also maintain sufficient ability to cover against risk event which exceed its normal estimates, i.e. occurrence of a major catastrophe or a dramatic drop in the value of the assets they hold.

Total risk (item (B) in the table) indicates risk events which exceed the normal estimates. The non-consolidated solvency margin ratio (item (C) in the table) is an indicator of an insurer's ability to pay, calculated as prescribed by the Insurance Business Act of Japan based on its percentage holdings of capital and other reserves (in other words, the total non-consolidated solvency margin, as indicated by (A)).

“Risk events which exceed the normal estimates” refers to the total of the amounts represented by the following risk

- (1) Insurance underwriting risk (Ordinary insurance risk) (Third-sector insurance risk) : Risk which exceeds the normal estimates for the rate of accident occurrence (excluding major catastrophe risk)
- (2) Assumed interest rate risk : Risk that actual investment yields will fall below the investment yield assumed when calculating premiums
- (3) Asset management risk : Risk arising from such factors as unexpectedly large fluctuations in prices on held securities and other assets
- (4) Business management risk : Unexpected risk to business management other than (1) through (3) above and (5)
- (5) Major catastrophe risk : Risk arising from major catastrophes (such as the Great Kanto Earthquake and the Ise Bay Typhoon)

A non-life insurer's ability to pay (total non-consolidated solvency margin), as indicated by such factors as its capital and reserves is the total of the insurer's net assets (excluding the amount of expected outflow from the company), reserves (such as the reserve for price fluctuations and catastrophe reserve) and a portion of its net unrealized gains on real estate.

The non-consolidated solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurers. When this ratio is 200% or higher, an insurer is judged to have sufficient ability to satisfy claims and other payments.